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India

**DEVELOPMENT PLANS
FOR
PAKISTAN**



As Explained by Pakistan's Prime Minister
and Minister for Industries at the First Session
of Pakistan's Council of Industries.

EMBASSY OF PAKISTAN
Washington, D. C.

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The Development of Industries in Pakistan

The Pakistan Council of Industries held its first session at Karachi in the second week of September, 1949. It was inaugurated by the Prime Minister of Pakistan, Mr. Liaquat Ali Khan, and later addressed by the Minister of Industries, Mr. Fazlur Rahman.

SPEECH BY THE PRIME MINISTER

While inaugurating the Council session, the Prime Minister made the following speech:

It gives me great pleasure to be here this morning to inaugurate the Pakistan Council of Industries. As you are aware under the Development of Industries (Federal Control) Act, 1949, the Central Government have assumed direct responsibility for the development of 27 different types of industries. The Council which is being inaugurated today has been brought into being as a direct result of the above mentioned Act. To help them discharge these responsibilities satisfactorily, Government have felt the need to associate with this work, as closely as can be, the various interests directly concerned. I am glad to see these various interests so well represented here.

Let me at the outset recapitulate the attitude of Government towards industrialisation. Very briefly put we want to industrialise our country as quickly as we can. Firstly because no country can be strong without having developed industries. Secondly it loses enormous sums annually if it goes on exporting raw materials and importing finished goods and thirdly as a consequence the standard of living of its people remains low. To put it more concretely no country can have a really modern and properly equipped army for purposes of defence and a high standard of living without developing its resources. Pakistan is an agricultural country with no developed industries. This lack of balance between agriculture and industry has obvious disadvantages and must be redressed. That, as I said above, is what we want to do. But there are obstacles in our way. One of them is the timidity of our industrialists and the shyness of investors. Investing money in an industry has obvious risks but these risks have to be taken by those who wish to serve Pakistan. There also is the temptation to get quick returns, and for a short time at least higher profits, by taking part in trade and commerce. But anyone who wants to serve his country must not yield to such temptations. There are greater satisfactions than the mere pleasure of just making money. What is more, the investment of money in industry is in the long run a sounder investment.

Private Capital Investment Desired

Unless industrialists are willing to come forward and show a spirit of enterprise and unless those who have money invest it in industry, Government will have to step in. It is these people whose co-operation we want and ask for. I think Government is fully justified in expecting and asking for it. The second obstacle we are faced with is the lack of technicians. I shall refer to this a little later.

The industrialists on their side have their difficulties. It is for them to bring them to the notice of the Government and suggest ways of getting over them.

I have always felt that the system of Government that we inherited, was not flexible enough to meet the needs of the ever changing situations. A tendency had grown for officers to work in isolation from the people and even among officers themselves to work in compartments. We in Pakistan have tried to remedy this deficiency and a large measure of co-ordination is now effected through various official agencies. I am not, however, prepared to claim that more cannot be done in this direction. I realise that it is essential, especially in these critical times, that Government should speak and act with unity of purpose. Such unity of purpose can result only from every part of the machinery of Government realizing its role in the general scheme of things and pulling its weight in the same direction.

I am aware of a feeling in certain quarters that various Government departments are working either at cross purposes or in complete disregard of the view points of one another. I have heard complaints of the multiplicity of organizations which would-be-promoters of industry have to approach before their projects can even begin to take a concrete shape. I would be glad if you gentlemen, who are so directly concerned with this matter, put your heads together and, after due consideration of all facts having a bearing on the subject, advise Government as to the manner in which Governmental agencies should be fashioned to achieve the object in view.

I would remind you in this connection that there is already an agency which can provide a large degree of co-ordination required through the Director-General of Supply and Development who has his representatives both at Lahore and at Chittagong. I would ask you and my other friends interested in industry to make it a point to fully utilise this agency and to bring to the notice of Government any deficiencies or defects that experience may throw up, so that we might remedy these to the advantage of all concerned.

I attach great importance to the intimate co-operation and close collaboration of business-men with Government and Governmental agencies in all matters pertaining to the economic well-being of the country. I am glad to find that judging from the numerous Advisory Committees set up by the Department of Supply and Development a measure of co-operation does exist today. I would like to take this opportunity on behalf of the Government of Pakistan to express Government's appreciation of this co-operation and of the work done by these Committees. The basic fact remains however that this co-operation must be on a much larger scale. There must be evidence of greater enterprise and a bold tackling of bigger problems. There must also be a realisation of national needs.

Technical Education Programme

I do not want to dilate upon the various subjects which are covered by your Agenda, but I do want to call your attention to two or three questions which you will, I have no doubt, discuss at some length later. I have already referred to the provision of technical personnel required by industry. For some time now, Government have been studying how best to provide facilities for imparting technical education at various levels in the country. As in other fields, Government have had many difficulties to face. But there is no difficulty which does not yield to human effort when rightly directed. The question of establishing Polytechnical, Technological, Industrial and Trade Schools in Pakistan is now under the active consideration

of Government and before long I expect at least a few of these institutions to begin working. The provision of these facilities will not, however, meet the requirements of the situation in the field of practical training. Government have, therefore, to plan out a programme for the education and training of our young men abroad. Government have had this matter under consideration and I am glad to tell you that they propose to send out as many young men as are required for various industries to be given practical training abroad after they have acquired the necessary theoretical knowledge in our institutions here. Financial difficulties will not be allowed to stand in the way of implementing the scheme for training of our young men abroad. Here again it is not enough for Government to make plans and provide facilities. It is the people who must realise that without the trained personnel the availability of capital will not achieve much. It is only when these two combine that real progress can be made. Our people must therefore turn increasingly to science and to technology. Our young men must realise that one of the best ways of serving Pakistan is to acquire technical knowledge and help to create wealth in the country. While I am on this subject, I must acknowledge the offers of assistance which Pakistan has been receiving from the various countries of the Commonwealth, of Europe and of the United States of America. These countries have offered Scholarships and Fellowships to our nationals in fields which are of special interest to us. I would like to make mention here, by way of illustration, of Fellowships and Scholarships offered by Australia, Canada, France, U.K. and U.S.A. I should not forget to mention the assistance offered by the United Nations Organization to train our young men.

This brings me to another question which the United Nations Organization has made its special responsibility, namely, the development of underdeveloped countries. The question of giving effective aid to such countries in the present day world conditions has now been fully recognised, as also its urgency and immediacy. There seems to be general agreement that prosperity, like peace, is indivisible.

I must here point out that it is essential that the advanced countries should give not only the benefit of their store of technical knowledge and of their experience of large scale organisation to the underdeveloped countries, but also the wherewithal for the development of Industries. Conditions favourable to the free flow of capital should, therefore, be created both in the countries exporting capital and those receiving it.

Foreign Capital Investment Welcome

So far as Pakistan is concerned, it is now almost a matter of history that the "climate" for investment which investors from abroad so often go in search of has been provided here. In April last year, Government of Pakistan announced that Pakistan would welcome foreign capital seeking investment from a purely industrial and economic objective and not claiming any other special privileges. We also offered to give all reasonable facilities for remittance of profits earned on capital invested in the country. Advantage has been taken of this policy, but not to the extent which was expected. Conditions abroad which would induce investors to export capital in large blocks for investment in productive enterprises here have not so far been all created. Efforts are now being made in foreign countries to

remove these handicaps. I look forward confidently to full advantage being taken of our policy and to larger investments of private capital flowing into productive enterprises here.

Government are aware of a feeling, in certain quarters, that foreign capital is not essential for the industrial and economic development of Pakistan. This opinion is obviously based on the assumption that there is enough of capital in the country and that all that is required is to remove the several handicaps from which investors now suffer. Government do not accept this viewpoint. They are satisfied, on the information available to them, that if Pakistan has to take rapid strides in the matter of development of industries, it should obtain financial assistance from abroad. It has been recognised by those who have made a study of the general conditions in undeveloped and underdeveloped countries that the financial problems of development cannot be solved, within a measurable period of time, by reliance on the slow process of local capital formation. Such countries must look to the capital markets abroad. Pakistan's requirements of capital for industrial development have been estimated at 3,000,000,000 rupees over the next 10 years. This is apart from the large sums required for development in other spheres of activity. Everything should, therefore, be done to increase the flow of both indigenous and foreign capital for the purpose of increasing the standard of living of our people through the development of industries.

In order to stimulate such flow and to give a lead to people here and abroad, Government have decided to form a Statutory Corporation and to charge it with responsibility for the development of certain specified industries which are of vital importance to the economy of Pakistan and to the well-being of its people. In order to work out the constitution, duties, power and responsibilities of this Corporation, its relation to Government and the Legislature, and to estimate the amount of Government capital to be provided initially and to determine the powers of the Corporation in regard to the raising of money from the public, Government appointed a Committee.

The Committee has submitted an interim report and I am glad to tell you that action has already been taken on one of the recommendations of the Committee. The Ministry of Education and Industries is now engaged in the task of implementing the Jute Mills Project which, as you are aware, will cost 70 million rupees. Government expect to place orders for the equipment required to run the three jute mills very shortly.

The next project which Government have on their list is the Paper Mill Project which is estimated to cost between 50 and 60 million rupees. Government expect to be able to place orders for equipment and machinery before the close of this financial year. Arrangements for acquisition of land, provision of power and facilities for transport are some of the matters which will engage the immediate attention of the Corporation when set up, Government have under their immediate consideration this most important matter. They hope to be able to announce their decision on it in the next few weeks.

Gentlemen, I have dealt with two or three matters of moment and that only to call your attention to certain aspects of them. I am sure that the advice which the Council will tender to Government on the various question raised will help Government to come to right

decisions which will be to the advantage of the country at large. I have every confidence that with your help and the co-operation of the people, Government will be able to achieve the objects they have in view within the period of the plan.

SPEECH BY THE MINISTER OF INDUSTRIES

The following are excerpts from the speech made by the Minister of Industries:

Intimately connected with the fixation of targets are questions of availability of manpower. In the paper circulated to you, an account has been given of the facilities now existing and those to be created in the near future. Apart from establishing a Polytechnic at Karachi, there is general agreement that two other similar institutions should be established--one in West Punjab and the other in Eastern Pakistan.

Government have also had under examination the question of the improvements to be effected in the courses of studies now obtaining at University level in various regions. One of the handicaps from which Universities are now suffering is the lack of trained technical personnel with an aptitude for teaching. Steps are being taken by the Universities to remove this handicap and we hope that ere long our institutions will be properly manned by experienced teachers.

Apart from the facilities available in Pakistan, Government propose to take advantage of the facilities offered to them in many foreign lands. I am very glad to be able to tell you that wherever I went in my recent tour of Europe, including the United Kingdom, I was given the most earnest assurances that our young men would be welcome in their institutions and that all the necessary facilities would be provided to them when there. I have come back more convinced than ever that Pakistan should not depute its graduates to work as under-graduates in foreign Universities. Our graduates should be sent abroad either for post-graduate work or research or for practical training in industrial units or business houses. The Prime Minister has already referred to the determination of the Government of Pakistan to see that no financial difficulties will come in the way of training the personnel required for Industry in the next five years period. You will be glad to hear that only two days ago a Committee which I appointed as Minister in charge of Education has reported and recommended the creation of a Scholarship Fund of just over 20 million rupees for the training of young Pakistanis abroad. It has proposed that arrangements should be made for deputing a thousand scholars in the next five years to man our Industries, Educational Institutions and Government Departments. I hope that Government will be able to take a decision on this report very shortly.

Development of Power Resources

There is one other matter to which you no doubt expect me to refer here and that is the power resources of Pakistan. You have before you two working papers on this subject--a Fuel Budget and a Budget for Power Resources. The first deals with the requirements and resources of coal and oil and the second mainly about our resources of hydel power. So far coal is concerned, we await the report of our Consultants which is expected any day now. Our long term programme of development of coal resources will be chalked out on receipt of this report. As regards oil, exploration and development work is progressing and I hope that now that our policy in regard to development of our mineral oil resources has been announced in the shape of the Petroleum Rules, the interests concerned will go ahead with their schemes to our mutual advantage.

Now as regards our hydel power resources. The question of developing these has, as you are aware, been actively pursued from the very beginning. The first useful appreciation of the problem was presented to us by Sir Henry Howard in accordance with whose advice we created the Central Engineering Authority. It is responsibility of this Authority, under the Development of Industries (Federal Control) Act 1949, to initiate, scrutinise, co-ordinate and press forward schemes for the control, regulation and utilisation of water and power resources of the country. In this task it is helped by a combine of Consultants of repute. The Central Engineering Authority and our Consultants are now engaged in preparing project reports for various schemes. This is apart from their giving advice and assistance in developing schemes which have already been initiated, like the Rasul Project Scheme and the Malakand Extension.

We have one major development scheme on the Eastern Pakistan side. The multi-purpose project contemplated in the Karnafuli basin will generate some 40,000 Kilowatts of power and will be, for various reasons, linked up with a fair-sized steam station in Chittagong. The hydel project and the 10,000 Kilowatts power station may take some time to complete. As an interim measure, therefore, Government are proposing to instal a plant with a capacity of 4,500 Kilowatts in Chittagong.

On this side of Pakistan some developments have already taken place. Orders have been placed for generating sets with a capacity of 20,000 Kilowatts and the Warsak Project is now on the anvil. This project should give us 125,000 Kilowatts of power. Besides this, there is the Mianwali Project in West Punjab which will generate 21,000 Kilowatts in Stage No. 1 and rise to 70,000 Kilowatts of power in its final stage. There are also a few other schemes which are now being investigated, such as the Ghazi Scheme and the Darband Scheme.

All these schemes, including those for Karachi City, where we hope to be able to provide a regular supply of 30,000 Kilowatts before the end of 1951, will be integrated into one over-all plan.

I must here call attention to a change that has recently taken place in the attitude of Government in this matter. Originally Government approached this problem from the point of view of requirements of power for domestic, agricultural or industrial purposes. The angle of approach now is somewhat different. On my recent tour abroad, I noted how industries follow the provision of electric power. Once the motive power is made available, we may safely depend on our people taking full advantage of it in establishing industries--big and small.

I shall now turn to capital requirements of the country. You have already heard from the Prime Minister that our requirements have been estimated in the next five years at 3 billion rupees in so far as industrial development of the country is concerned. Believing as we do in the rapid and orderly development of our resources, we have of necessity to ensure that the flow of capital to the extent required is provided for. We are not unaware of certain factors which have impeded such flow, especially in so far as local investors are concerned. There is, however, no doubt that even when all that is necessary in this regard is done there will still be need for assistance from abroad. It is within the common knowledge of all that development in other countries took place not with the help of local

capital but mainly on account of the investors from abroad. There is no better example that I can cite than that of the United States of America itself or of the various major Republics of South America. In the Commonwealth countries also, Canada provides the most attractive field for investment of American capital. There is no reason why Pakistan should not take advantage of such capital as may be offered for investment in our country. We have, therefore, after full consideration decided to welcome such capital and to provide the necessary guarantees of a reasonable character. I hope that when the handicaps from which investors abroad suffer, which are not within our control, are removed, there will be greater flow of capital into Pakistan.

Pakistan Industries Promotion Corporation

I have heard it asked by some foreigners that if Pakistan is really so sure about the economics of certain industrial projects why it is that her people or her Government, do not promote these projects and demonstrate to the world by deeds. This is not an unfair question. We have, as you have heard already, decided to establish an "Industries Promotion Corporation" which will be responsible for the development of certain specified industries. Government will sponsor these projects and invest their moneys. They have every reason to think that once they take the first step, investors will follow their lead and will come forward in large numbers and seek to replace Government capital in these industries.

The Industries which Government are sponsoring have already been listed in the working paper circulated to you under item 8 of the Agenda. For the present Government contemplate such projects as Jute Mills, Paper, Fertilizer, Steel, Rubber Tyres & Tubes, Heavy Chemicals, Heavy Engineering and Shipbuilding which may require a capital roughly of 350 million rupees. In so far as Jute Mills are concerned, Government have already decided to establish three such mills with a total loomage of 3,000. This is only the first instalment and I hope that by the end of 1954-'55 we would have developed another three mills with another 3,000 looms in accordance with the target fixed by the first Industries Conference.

In the case of Paper Project, you are aware that Government invited Consulting Firms from Canada and Sweden to advise them in this matter. Both these Consultants have reported. Their reports are under the active consideration of Government and Government expect that when the Special Officer, whose appointment has been sanctioned, takes charge in the very near future, it will be possible to expedite all arrangements connected with the fruition of this project. Government hope to be able to place orders for the necessary machinery by the end of this year.

The third project which Government are sponsoring is the Fertilizer Project in connection with which a Mission is now in Pakistan, consisting of representatives of two well-known chemical concerns--Messrs. Power Gas Corporation of U. K. and the Chemical Construction Company of U. S. A. Government are provisionally of the view that a factory with a capacity of 100,000 tons of ammonium sulphate should be established in West Punjab to meet the growing requirements of fertilizer in the country. I am glad to be able to tell you in this connection that an offer of a well-known Belgian firm--Union Chimique

Belge--to assist in giving us their appreciation of the situation has also been received and accepted by Government. It is expected that the Belgian Experts will shortly be around Pakistan--one of them has already contacted the Ministry in Karachi--and will give us the benefit of their advice.

The other two projects to which I would like refer here are: Rubber Tyre and Tube Project and Steel Project. Government have accepted the offer of Messrs. Dayton Rubber Company of U. S. A. to carry out a survey of conditions in Pakistan and to give a blue print for a factory with the capacity of 600 tyres and six hundred tubes a day. As regards the Steel Project, Government have asked Pakistan High Commissioner in London to contact the consultants there whose offer has already been received and considered by Government. It is expected that arrangements will shortly be finalised for a survey of Pakistan in connection with the Steel Project.

I should not forget to mention here the survey that has already been carried out of our coal resources by Messrs. Powell Dufferin Technical Services Ltd., of U. K. whose report, I understand, is on the way. We expect to be able to make the best use of our coal resources with the help of technical advice which our friends abroad have offered to us.

In order to complete the picture of the surveys carried out or contemplated I must mention the invitation that we extended to an expert from the Bureau of Reclamation of the Department of Interior of the U. S. A. Government, an invitation which has been accepted, to survey our river basins and to advise us on the need and desirability of setting up Regional Authorities of the TVA type in Pakistan. We hope to be able to have this expert amongst us in the very near future.

On the geological side also, we have recruited senior men; some of them are well-known figures both here and abroad. Minerals, as you know, are the skeleton of industry and I have little doubt that as our knowledge of our resources grows so will our capacity to use them for the benefit of one and all.

There are many other items on which I would like to speak to you, such as financial assistance to industry, tariff protection and transport. I refrain from doing so not only because I have already circulated to you working papers on these, but mainly because I have called this conference not so much to tell you our views but to listen to your views and your suggestions and, in the light of these, to determine our course of action.

Cottage Industries

There is, however, one matter which does not arise directly but which is of such vital importance to the economy of Pakistan that I feel justified in referring to it here and that is Cottage Industries. West Punjab has, for decades now, been the home of such Industries. Their importance cannot be over-estimated, whether it be from the point of view of the wealth they produce, the numbers they employ or the contentment and the happiness which they spread throughout the land. Responsibility for the promotion of these industries, as you know, is not directly that of the Centre except in areas which are under its control. But the Centre is vitally interested in these

Industries not only because of their importance for the reasons already given, but also as a means of absorbing the hundreds of thousands of refugee-artisans who have migrated to Pakistan. In a recent report published by the Department of Supply and Development, a scheme has been worked out for the rehabilitation of some of the refugees concentrated in Karachi. This will cost Government under 300,000 rupees in the form of outright grants and 1,800,000 rupees as loans and advances. Under the scheme will be established 34 Industrial Co-operatives which will help to absorb 2,000 families of refugee-artisans in as many as 17 different types of Cottage Industries.

I should also refer to a scheme being drawn up under the orders of my Hon'ble colleague, Mr. J. N. Mandal, for the amelioration of the Scheduled Castes, especially of Eastern Pakistan, from out of the grant of 1,000,000 rupees made by the Central Government over the last two years.

I must not omit to mention the contribution which the Quaid-i-Azam Relief Fund has made for the rehabilitation of the refugee artisans of Karachi. A sum of 500,000 rupees has been placed at the disposal of a Sub-Committee of which I am the Chairman. I have only, a few days ago, approved the scheme submitted to me for the establishment of a model colony to accommodate fifty refugee families at a total cost of 350,000 rupees. Here will be provided all up-to-date amenities such as a shopping circle, a recreation centre, and work sheds apart from modest but neat tenements.

I am mentioning these because the Centre is vitally interested in the development--on an orderly basis--of Cottage Industries. The interests of cottage workers will not, I can assure one and all, be sacrificed, because the Centre is directly responsible for the development of large scale industries. In other countries of the world, the cottage units work in the closest co-operation with bigger units. There is no reason why development of the two should not go hand in hand in Pakistan.

Finally, I would like to invite from you a frank expression of your views in all matters of moment arising out of the agenda. As I said at an earlier stage, we are met here to learn a little more than we do of one another's point of view and to see how each can help the other to attain the common object which we all have and that is, in the words of our Statement of Industrial Policy of April 1948 "an improvement in the standard of living of the people, brought about by harnessing, to the maximum extent possible, the forces and the treasures of nature, in the service of the people."

From the account that I have given, you will, I hope, agree with me that we have tried our best to live up to the exhortation of the late Quaid-i-Azam when he said that the foundation of the state having been laid "It is now for you to build and build as quickly and as well as you can."

